

**ALASKA MENTAL HEALTH TRUST AUTHORITY
AUDIT & RISK COMMITTEE MEETING
January 5, 2024
8:30 a.m.**

**Hybrid Meeting:
Alaska Mental Health Trust Authority
3745 Community Park Loop, #200
Anchorage, Alaska 99508**

Trustees Present:

Kevin Fimon, Chair
Brent Fisher
Anita Halterman (Virtual)
Agnes Moran
John Sturgeon
John Morris (Virtual)
Rhonda Boyles

Trust Staff Present:

Steve Williams
Katie Baldwin-Johnson
Miri Smith-Coolidge
Michael Baldwin
Allison Biastock
Valette Keller
Kelda Barstad
Luke Lind
Debbie DeLong
Kat Roch
Heather Phelps

Trustee Land Office staff present:

Jusdi Warner
Sarah Morrison

Also participating:

John Springsteen; Diane Fielden; Brenda Moore.

PROCEEDINGS

CALL TO ORDER

CHAIR FIMON called the meeting to order and began with a roll call. He asked for any announcements. There being none, he continued to the approval of the agenda.

APPROVAL OF THE AGENDA

MOTION: A motion to approve the agenda was made by TRUSTEE BOYLES; seconded by TRUSTEE MORAN.

After the roll-call vote, the MOTION was APPROVED. (Trustee Boyles, yes; Trustee Moran, yes; Trustee Fisher, yes; Trustee Sturgeon, yes; Trustee Morris, yes; Trustee Halterman, yes; Chair Fimon, yes.)

CHAIR FIMON asked for any ethics disclosures. There being none, he moved to the minutes of October 20, 2023.

APPROVAL OF THE MINUTES

MOTION: A motion to approve the minutes of October 20, 2023, was made by TRUSTEE BOYLES; seconded by TRUSTEE MORAN.

After the roll-call vote, the MOTION was APPROVED. (Trustee Boyles, yes; Trustee Moran, yes; Trustee Sturgeon, yes; Trustee Fisher, yes; Trustee Halterman, yes; Trustee Morris, yes; Chair Fimon, yes.)

ANNUAL AUDIT PRESENTATION/UPDATE

CHAIR FIMON introduced the discussion of audit and risk, policies and procedures, protection and dealing with employees, and how to ensure the Trust, trustees and our beneficiaries are protected.

CHAIR FIMON introduced Julee Farley, CFO, as well as Valette Keller and Sarah Morrison to start the program. He thanked Steve Williams for his input on the agenda.

MS. MORRISON stated that Chair Fimon requested that they return to talk about what happens when somebody turns over, and what that means to the organization after they leave. She stated that the risks associated with each position are unique and require a different approach based on the position exiting. She noted that when someone leaves our organization, they carry with them historical knowledge, relationships with vendors and partners. They know where to get information, and they can have years of critical data on their laptop. As that person is trying to leave, we are trying to get all of that information from them. She continued that after they are gone, there is now less people to do the work, and we think about how we're going to fill the gaps. She noted a Gallup study that stated that the cost of replacing an individual can be 1.5 to 2 times the employee's salary, including costs related to recruiting firm fees, new salaries that are negotiated, new office equipment and training. There is also decreased productivity related to training, as they won't be as fast or know as much as the person they replaced. They will also spend time rebuilding relationships and getting familiar with the organization. This can take one to two years; longer for positions like finance where some cycles occur only once a year. She also noted that system access is usually given slowly as the employee learns so that they can't do anything that we can't fix. She continued that everything we do rests on the delegation of

authority. It generally takes months, a year, or longer to become part of that delegation of authority. This puts the onus on individual supervisors to advise and assess when the person is ready.

CHAIR FIMON asked Ms. Morrison to go back and talk about the transition and the protocols that we do for outgoing employees: the information the employee has; the kind of information we collect; and the types of information that should not be leaving the institution.

MS. MORRISON replied that the institution's document management system is pretty robust, and when an employee leaves, we have the ability to take everything that's on their desktop, and if needed, we can contact IT to gain access to their email, as well. On the day they leave, their email is turned off; they are severed from the State; and we take everything back. They don't get to leave with any devices. A checklist ensures that they have surrendered all devices. She said that in her department they have manuals with key things written in them, so that in the event someone is on vacation, the process will still be followed. She also noted that they have a tight-knit resources group, where everybody is in everybody else's business, which also helps in transitions.

MS. BOYLES stated that a close-knit organizational team also impacts the supervisor because when they bring in a new hire, they need to ensure the new employee is the right hire and will fit in with the group.

MS. MORRISON stated that we have various programs within the TLO. We will do a structured training plan called "boot camp" where we meet at certain times. It requires homework. And we have a buddy system with people that they can go to for certain things.

MS. HALTERMAN asked if they are experiencing difficulties recruiting employees because of the new Tier IV structure within the State Government, or whether they are still finding people that are Tier I, II and III that are willing to put in the time.

MS. MORRISON stated that they don't always know somebody's reason for not applying or why they did not want the job after being interviewed. She said that they do try to provide a competitive salary to help people get over that hurdle. Over the years, as more applicants are coming up through the ranks and are younger, we do get questions about the salary package. We do have very competitive salaries, and we have had success in hiring really good people.

MS. BALDWIN-JOHNSON stated that for the Trust Authority, that is generally not an issue.

TRUSTEE MORAN noted that employee turnover is not always a negative thing. You get new energy, new ideas, new perspectives. A lot of times you have a benefit when an employee leaves on good terms for a better opportunity and understands the inner workings of the organization.

MS. MORRISON stated that people in an organization and leadership leave, and other people take their place, and we see the upward mobility. When Jusdi and Jeff moved up after Wyn left, it brought a lot of energy into the organization, and other employees saw that they too can move within the organization. She stated that mitigating turnover risk can be done when a person takes vacation. You can assess how smooth it goes and where the gaps are while that person is away. You can mitigate risk by focusing on retention; vacations show that there is upward mobility; we cross-train employees; and there is "face time" with their supervisor. For the last five years,

TLO average turnover has been pretty high because of things like retirement; people moving out of state; and career changes. The Trust Authority Office had no turnover in FY21. There was a spike in FY24, and we are fully staffed now.

CHAIR FIMON asked how long it took, noting that was a pretty dramatic number.

MS. WARNER stated that as a leader you figure out your dream team; who can step up and get work done that you didn't know they can do, while being careful not to burn out your dream team by overworking them. Then you deal with expectations that they may get the open position because they were contributing so much. While it did take a long time to get fully staffed, the TLO revenue numbers show we still performed and outperformed our goals. With internal promotion, that institutional knowledge stays within the organization, and you can build a group to keep it going.

CHAIR FIMON asked if the number of titles stayed the same, or was there more added in areas that need it and others removed in areas that did not.

MS. WARNER stated that changes were made, weeding out what does not need to be done while keeping the organization flowing.

CEO WILLIAMS noted that every time there is a vacancy, a turnover, or when a supervisor sits with an employee, it is an opportunity to look at a job description, review it, and ensure it is still applicable.

TRUSTEE BOYLES stated that she believes the Trust attracts excellence, but she did not know how many employees were at the TAO and TLO.

CEO WILLIAMS answered 17 at the TAO and 19 at the TLO.

CHAIR FIMON noted the change in different people and people in different positions is the table, and stated that evolvment is probably more natural than he thought. He said a possible change in CEO could result in his uncertainty with the replacement, and how five, seven or nine positions changing could be an issue, which is why this is being talked about, and he appreciates the input.

CHAIR FIMON asked John and Anita for any comments, questions, or takeaways.

TRUSTEE MORRIS stated that having the chart of turnover was really interesting.

CHAIR FIMON moved to comments from trustees.

TRUSTEE COMMENTS

TRUSTEE HALTERMAN stated the charts were kind of shocking, even though we were aware of a great deal of employee turnover. Her friends know that she was recruited to work for the Trust. It's an amazing place to work, with a dynamic team, and progression from within, which she feels is important for an organization. She'd like to see a focus on collecting better exit information as people leave. We can't improve if we don't know why people leave. The peak in 2022 may have been due to COVID. Older people, including herself, decided not to return to work. Some decided to slow down and volunteer, or take other opportunities to support their

families. She is concerned about turnover for the Trust Administrative Office, primarily because we have lost so much program knowledge with the most recent exit. She has faith that we can build the new team because there are a lot of strong people with a lot of great knowledge that they impart to the staff. We will continue to attract people. She continued that she is not sure how much flexibility we have with regard to benefits. The trustees have had some latitude to look at increasing salaries for certain key positions to prevent institutional drain, especially at the executive level. She is tickled that people are moving into agencies that are partnered with us. It is beneficial for our beneficiaries and for the employees that have to work for those agencies because they'll help groom the way. Some who have left assured us that is the case. They have the understanding and are still devoted to our mission, even though they are with other organizations. But turnover and training to replace people should be a concern anytime it happens. If we collect better information, we can respond to it.

TRUSTEE BOYLES stated that she's been a CEO and a mayor. She's had 11 assembly people who were 11 mayor wannabees. It's smart to remind us that we do have internal employees moving up, and bringing institutional knowledge with them. My concern, as a trustee, is that we stay aligned with our responsibilities, which are fiduciary. She has yet to be turned down for any information from the CEO on any level of management and operations in the Trust. We are getting information. Maybe we need to tweak when and how we get it, and what we do with it. My compliments to staff on how the turnover was managed. It is our responsibility to support the direction the Trust believes its staff is taking in that direction.

CHAIR FIMON thanked Trustee Boyles and asked for any other comments.

TRUSTEE FISHER stated that all the committees have run well, and all the information we have received has been very informative. He grew up in organizations that had turnover built into them by design. So everybody was cross-trained. Systems were put in place so somebody could come in quickly, pick up, and at least do all the basics that needed to be done in the organization. People don't leave because they don't like the work environment; they leave because of personal family reasons, professional reasons, or changes in their life journey. I've always looked to create an environment that is allowed to help people on what is best for them and their circumstances. If I can help people have a better life, even though they don't stay with the organization, they will always be a friend, will always talk good about the organization, and will be an external recruiter.

TRUSTEE STURGEON stated that he graduated high school in '63. Many folks that he graduated with got a job out of high school, and they worked in the same place until they retired. Career paths these days go from one company to another to another and another. That's more the norm; so we have to plan for that. Having a good work environment, people excited to work with and are good leaders, like Steve and Jusdi, sets the tone. They are fully aware of how important employees are and the need to have a good work environment.

TRUSTEE MORRIS stated that exit interviews are extremely valuable, and he looks forward to getting a robust process in place, if there isn't one already, for sharing that information for any staff member that leaves. He wanted to note that looking at all the turnover in the Trust Land Office in Fiscal Year '22, that Director Warner was brought into the directorship in March of '22. He said that part of the process of losing half of the workforce was new leadership and an opportunity to rebuild the core team, which is a good thing.

TRUSTEE MORAN stated that regarding staff turnover, she works in an environment with a lot of entry-level people who are trying things out and then moving on. It sounds like the Trust has the dialogue and the cross-training for a strong organization to survive. She noted that she thinks this organization will continue to survive, and she doesn't anticipate seeing a large turnover like we have recently experienced.

CHAIR FIMON stated that he appreciates how the staff has reacted to this group of trustees, anticipating the sort of questions that we might ask, and being ready for us with the information. He thanked staff for that. He noted that he is trying to learn from the exit interviews. He realizes that there is a constraint in the State system for how compensation and certain things are set up for us. We may not have all the leverage to move it around, and we may learn a little bit more about that as we go. He continued that a certain amount of flow is good; that for whatever negative might happen, there is some positive walking in the door. He asked for any other questions or comments. There being none, he called for a motion to adjourn.

MOTION: A motion to adjourn the Audit & Risk Committee meeting was made by TRUSTEE MORAN; seconded by TRUSTEE BOYLES.

After the roll-call vote, the MOTION was APPROVED. (Trustee Moran, yes; Trustee Boyles, yes; Trustee Fisher, yes; Trustee Sturgeon, yes; Trustee Morris, yes; Trustee Halterman, yes; Chair Fimon, yes.)

CHAIR FIMON stated that the meeting was adjourned.

(Audit & Risk Committee meeting adjourned at 9:27 a.m.)